

22 April 1955

MEMORANDUM FOR: Office of the Director
Planning and Coordination Staff

THROUGH : Deputy Director/Intelligence

SUBJECT : 'Economics of Communist
Eastern Europe'

REFERENCE

1. The original objectives of ORR in asking for the preparation of this report were:

a. to provide information and analysis about economic integration of the Bloc,

b. to provide information and analysis concerning the character and magnitude of economic growth in the European Satellites, and

c. to provide analytical and research techniques for study of the various economic sectors of Soviet Bloc countries.

2. More broadly, ORR requested an up-to-date analysis of economic development of areas under Soviet control including the relocation and training of workers and the effect of industrialization on the agricultural labor force.

3. A comparison of the completed study with the original ORR objectives reveals:

a. The information and analysis of economic integration of the European Satellites through 1949 is the most comprehensive treatment available. It is useful for background information and, as such, has been used in the preparation of contributions to National Intelligence Estimates on the European Satellite economies (ORR Projects 10.140 and 10.402) and for projects involving European Satellite organizations and Soviet integration attempts (such as EIC-P-5, Institutions and Arrangements in European Satellites Foreign Trade).

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b. The information and analysis provided concerning the character and magnitude of economic growth in the European Satellites has had rather exhaustive treatment and provides excellent materials for ORR use for the period covered. Use was made of this material in the projects mentioned in a above and will provide a good deal of information for NIS Sections 65 on Rumania and Hungary.

c. The analytical and research techniques presented in the study are conventional and do not provide any significantly different techniques for use by ORR. On occasion, ORR has made several concrete suggestions on the desired analysis of the processes of the Sovietization of an economy. These suggestions are not developed in the study.

4. In general, the project was well done within the listed limitations. A study of the economic events in the European Satellites from 1945 through 1949 was useful as background material by ORR. Such a study could not have been completed in ORR for the expenditure made [redacted] 25X1
[redacted] The major limitations of the study were (a) that the analysis was confined largely to pre-1950 conditions, and (b) the exclusion of East Germany from the countries covered.

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[redacted]
Acting Assistant Director
Research and Reports

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